



IDEP SEMINAR FOR UNIVERSITY TEACHERS

Comments on Prof. R. Dumont's paper

"CHOICE AND CLASSIFICATION OF THE BASIC AIMS OF AGRICULTURAL
DEVELOPMENT IN AFRICA".

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The problem as presented by Prof. Dumont is in its general outline very well taken and the main lines of development proposed seem to be perfectly justified. This does not preclude the fact that some questions may be considered from different points of view or should be further elaborated. The first problem is that of the demand for agricultural products. To begin right at the beginning, let us start with the population growth. According to the population projection of the E.C.A. (31 July 1963, File N° SOC 200) the population of Africa was increasing at the rate of 2.2 per cent per annum in 1960; with a neutral demographic policy this rate would rise to 3.2 per cent in 1980, which would give us the average compound rate of growth of 2.7 per cent for the period 1960-1980, all of which shows a great population explosion.

Without considering the implications of these facts along purely demographic lines for the moment, it must be stated that the rate of economic growth of African countries assumed at 5 per cent by the United Nations Development Decade seems to be a very modest one. It gives for Africa only 2.3 per cent per capita growth per annum. Under these circumstances the gap between the development of African countries and the 26 developed countries (according to U.N. terminology) would still grow. In addition it is to be remembered that the growth of gross domestic product of this order has been lately achieved only in Ghana, Guinea and Ivory Coast. A number of countries have achieved around 3 per cent growth while the majority are developing at a lower rate.

Let us however for a moment assume that a growth of 5 per cent has been achieved and let us consider for a moment the growing demand for food products which are mainly of agricultural origin. The growth of this demand is composed of two factors. One is the rise of the population. As the result of this the demand for food will grow proportionally to the population growth i.e. at 2.7 per cent per annum.

The other factor influencing the demand for food is the rise in income. The income elasticity for foodstuffs depends on the level of GDP per capita. Up to US \$ 200 per capita per annum the demand for a number of food products is in the neighbourhood of one and often higher than one. For the income bracket of US \$ 200-350 it is generally lower but it rises again for the income bracket of US \$ 350-600. This is due to the general tendency at this income level to change from lower quality food to higher quality food. For incomes higher than US \$ 600 the income elasticity for food is very low.

As African countries belong to the group with per capita incomes lower than US \$ 200 there is not slightest doubt as to the very high income elasticity of demand for food. Thus as a result of the assumed rise in income per capita of 2.3 per cent per annum it would not be an exaggeration to assume that between one third and one half of it, i.e. 1.0 per cent of growth of GDP, would be directed to the increased demand for food.

Under these circumstances the demand for food would grow at the rate of 2.7 per cent due to the population increase and at 1.0 per cent due to the increase in the level of income, which together makes an increase of 3.7 per cent per annum.

Now Prof. Dumont states that under best conditions in the long period agricultural production cannot grow faster than 3.1 per cent per annum. That means that the demand is rising (3.7) much faster than the supply (3.1) can rise under the best conditions. This situation would be aggravated if the rate of growth of GDP achieved were higher than 5 per cent.

The only solution seems to be the appropriate demographic policy. The second problem which should be taken into consideration is the supply of agricultural products. Roughly speaking the increased supply of agricultural products can be achieved in two ways. One by the increased productivity of labour, the other by the increased productivity of land.

In countries with relative scarcity of labour and relative abundance of land, the main stress in development is put on raising the productivity per man employed in agriculture. Very great and fast mechanisation of agriculture leads to a quickly diminishing number of people employed in agriculture, enables fast urbanisation and increases the supply of labour for industry. The productivity per hectare of land is generally rising in this case but not very fast. The best example of this kind of development is undoubtedly the development of agriculture in the U.S.A.

In the countries with great scarcity of land and relative abundance of manpower the problem is of a different nature. Here every bit of land is cultivated, the density of agricultural population is high. The demand for labour is small and the main aim is to increase the productivity per ha; the rise in labour productivity would only lead in these circumstances to unemployment. This is the case of countries like China and India.

In Africa, with exception of U.A.R. and perhaps of Tunisia and Nigeria, the problem of scarcity of land fit for agricultural purposes does not yet arise. On the other hand there are great reserves of labour power. Thus there is neither shortage of manpower nor special shortage of land in agriculture. In such a case, which is somewhere in between those two previously described, the road to the growth of agricultural production may be chosen according to the economic calculus of comparing costs with effects. One thing however should be taken into consideration, i.e. the problem of unemployment. As in any case there is a great tendency to rural exodus to towns, the policy leading to a fast rate of mechanisation and increase in the productivity per man rather than per hectare may give undesirable effects.

If land reclamation possibilities are available and profitable, both ways may be followed at once.

In a country like U.A.R. where the productivity per ha is very high and the land reclamation although very costly is undertaken, the only policy left is that of increasing the productivity per man and moving the manpower to industry.

The third problem to be raised is that of the development of agriculture versus the development of industry.

The statement of Prof. Dumont of establishing a right kind of balance between industry and agriculture is undoubtedly right. Main stress on agriculture with neglect of industry cannot really lead a country to economic independence and to a high rate of development. On the other hand, fast industrialisation without adequate increase in the supply of food cannot help the countries to achieve balanced growth.

Industry as a sector for investments is a very attractive one. The value added is generally higher in industry than in agriculture; the capital output ratio in industry is usually lower; the terms of trade of manufactured products are on the whole better; the import substitution effects are very often satisfactory, the dependence on foreign imports diminishes rapidly. There are, in a word, many arguments for fast industrialisation.

There is however one insurmountable shortcoming of devoting too many resources to industry at the expense of agriculture, and that is the shortage of food supply. Fast industrialisation requires the movement of many people from the country to the towns. It means that the smaller number of peasants have now to produce a greater amount of food for towns. As the incomes in towns are generally higher than in the country, this causes an increased total demand for food as well. This increased demand which at the same time is at the bottom of inflationary tendencies, must be satisfied if industrialisation is to go on successfully.

Thus fast and lasting economic growth requires a very well balanced growth of industry and agriculture at the same time, and favouring one of these sectors at the expense of the other can only bring bad effects for both of them and for the whole economy.

The fourth and last problem which should be raised concerns the question relating to what may be broadly called planning institutions.

The problem considered above of balanced agricultural-industrial growth seems to be the basic one for comprehensive development planning. In African reality the best sectoral plans are rather those of education, health, transport and communications as these sectors have been accustomed for a long time to plan their activities concerning both current and capital expenditure.

At the same time agriculture and industry were left to private initiative or in other words to the free play of market forces which under African condition have not been very active up till now. If the fast development of agriculture and industry is to be achieved the following preconditions must be realised.

1. The ministry of agriculture and the ministry of industry must perform the same part in planning their respective sectors as for example the ministry of education performs in planning education.

2. These ministries should prepare the concrete investment projects or create special agencies which would prepare the projects most desirable from the balanced economic development point of view. These projects may be later on taken up by private firms or by state enterprises.

3. There should be established inter-ministerial commissions which would coordinate the plan of agricultural development with the plan of industrial development and with the development of other sectors.

4. The plan should be prepared in such a way, and the targets should be so detailed, that the follow-up of the implementation both in real and in financial terms could be achieved every three or at least every six months. Without these conditions being fulfilled no successful economic development planning can be achieved.

SUMMARY

The limiting influence of agricultural production on the standard of living with present high rate of population growth is still stronger than Prof. Dumont considers because the demand for food rises not only due to the increase of population but also due to the high income elasticity of demand for food.

In Africa a mixed way of increasing the productivity of labour in and productivity of land should be followed as there are no signs at the moment of scarcity of manpower or scarcity of land (with the exception of UAR and some other countries).

A very good balance of development between agriculture and industry should be kept; any deviations in one or the other direction are harmful to the fast balanced growth of the economy.

The appropriate planning institutions to deal with the preparation of concrete investment projects, with coordination and implementation must be created for agriculture and industry.